

SENATE BILL 797

By Kyle

AN ACT to amend Tennessee Code Annotated, Title 71, to create a permanent essential access fund that shall be utilized to provide direct annual reimbursement to hospitals that provide an above average amount of charity or TennCare services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 71, Chapter 5, Part 1, is amended by adding the following as a new section to be appropriately designated:

Section 71-5-191.

(a) It is the intent of the general assembly to stabilize the TennCare health care provider network and to work diligently to assure that rural and urban health care facilities providing both charity and TennCare services remain viable entities.

(b) The state of Tennessee shall establish a special account in the general fund designated as the "TennCare Hospital Reserve Fund." This fund shall include, as set forth in the general appropriations bill, all federal matching funds received by the state based upon the uncompensated

losses of public hospitals as well as other monies so designated. This fund shall be utilized exclusively to furnish direct reimbursement to hospitals that provide an above average amount of charity and TennCare health care services as defined in this section. Any amounts placed in the fund shall be distributed on an annual basis to reimburse the following classes of hospitals for the provision of uncompensated health care services:

(1) Acute care hospitals that treat TennCare enrollees and provide essential, unduplicated services, such as state-designated regional perinatal services, Level I trauma, or specialized pediatric services, to a multi-county region of the State of Tennessee. These hospitals shall be referred to as "essential services safety net hospitals."

(2) Public, sole community, small or rural hospitals that provide health care services to TennCare enrollees. These hospitals shall be referred to as "essential access hospitals."

(3) Other acute care hospitals that provide disproportionate amounts of unreimbursed TennCare services. These hospitals shall be referred to as "disproportionate share hospitals."

The TennCare bureau, or any successor to the TennCare bureau, shall recommend to the commissioner of finance and administration the methodology governing the distribution of the fund, which distribution shall occur on an annual basis. The bureau shall recommend the amount of distribution among the three (3) classes of qualifying hospitals, and shall recommend the threshold levels of

charity care and TennCare services provided by a qualifying hospital that will determine the amount of the distribution the qualifying hospital will receive from the fund. The bureau shall present such recommendations to the commissioner of finance and administration and the state comptroller within thirty (30) days after the date this section becomes law. The commissioner of finance and administration, with the assistance of the state comptroller, shall establish the final methodology for making distributions under this section within forty-five (45) days after receiving the bureau's recommendations, and shall present this methodology to the general assembly. The initial distribution from this fund shall be made no later than December 31, 2001, and subsequent amounts appropriated for this fund shall be distributed no later than June 30 of each fiscal year.

(c) For purposes of this section, the term "TennCare" means the state's TennCare program, or any successor to that program that provides health care services under the federal Medicaid laws.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.